Agenda Date: 07/06/05 Agenda Item: 5



#### STATE OF NEW JERSEY

Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

#### WATER AND WASTEWATER

IN THE MATTER OF THE PETITION OF )
CRESTWOOD VILLAGE WATER )
COMPANY FOR AN INCREASE IN RATES )
AND CHARGES FOR WATER SERVICE )

ORDER ADOPTING INITIAL DECISION/STIPULATION

BPU DOCKET NO. WR04121554 OAL DOCKET NO. PUC 00575-2005S

(SERVICE LIST ATTACHED)

#### BY THE BOARD:

On December 15, 2004, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12, Crestwood Village Water Company, (Crestwood or Company) a public utility of the State of New Jersey filed a petition with the Board of Public Utilities (Board) seeking approval of an increase in rates for water service. Crestwood Village Water Company is a public utility of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities.

Crestwood services approximately 9,737 customers in the Township of Manchester, Ocean County, New Jersey. The Company's rate request would have resulted in an increase in total Company revenues of \$323,705 or 27% over pro forma present rate revenues. The Company subsequently amended its request based on year end 2004 actuals, resulting in a revised request of \$332,367, representing an increase of approximately 27.63% over pro forma, present rate revenues.

After extensive settlement discussions an increase of \$140,000 representing a 11.15% increase over total Company revenues, was agreed to by the Parties resulting in total Company revenues of \$1,395,096.

#### PROCEDURAL HISTORY

On February 8, 2005, this matter was transferred to the Office of Administrative Law (OAL) where it was assigned to Administrative Law Judge (ALJ) Todd Miller. A pre-hearing telephone conference was conducted before ALJ Miller on March 8, 2005.

A public hearing was held on April 28, 2005 at Americas Keswick, Keswick Grove Activity Center in Whiting, New Jersey, within Petitioner's service territory. Approximately 30 individuals attended the public hearing of which seven people spoke and objected to the increase and the adverse financial impact it would pose upon senior citizens of the community. There were no service or water quality complaints or comments addressed at the public hearing.

The Parties to this proceeding are the Company, the Division of Ratepayer Advocate (RPA), and Board Staff (Staff) (collectively the Parties). There were no interveners in this case.

Subsequent to the public hearing, the Parties engaged in settlement negotiations. As a result of these discussions, the Parties reached a Stipulation of settlement of all issues (Stipulation or Settlement).

ALJ Miller issued his Initial Decision recommending adoption of the Stipulation executed by the Parties, finding that the Parties had voluntarily agreed to the Settlement and that the Settlement fully disposes of all issues and is consistent with the law.

#### STIPULATION

As more fully set forth in the attached Stipulation<sup>1</sup>, the Parties agreed that:

- 1. The test year ended December 31, 2004, adjusted for known and measurable changes is a reasonable and proper test year period (Settlement paragraph 7).
- 2. The rate base is \$1,429,341 (Settlement Paragraph 8).
- 3. An overall rate of return is stipulated to be 8.10%, which reflects a cost rate for common equity of 9.75% (Settlement Paragraph 8).
- 4. Petitioner's operating income is \$115,777 and the total revenues are \$1,395,096. The pro forma present rate revenues are \$1,255,096 and the revenue increase is \$140,000, representing an overall percentage increase of 11.15% over present rate revenues (Settlement Paragraph 9).
- 5. The revenue requirement to which the Parties have stipulated herein is necessary to ensure that Petitioner will continue to provide safe, adequate and proper water service to its customers (Settlement Paragraph 10).
- 6. The attached tariff pages (included as Schedule B), are new tariff sheets containing rates and charges conforming to this Stipulation and designed to produce the additional annual revenues to which the Parties have stipulated herein (Settlement Paragraphs 11).
- 7 The attached proof of revenues (included as Schedule C) demonstrates that the new rates will produce the revenues to which the Parties have stipulated herein and reflects the percentage increase in each service classification (Settlement Paragraph 12).

<sup>1</sup> Cited paragraphs referenced are in the settlement document. This is only a summary, the full settlement document controls, subject to the Board's findings and conclusions contained herein.

The Company will file a new tariff with the Board with copies to the Parties, in conformity with the Stipulation to become effective on such date as the Board may direct (Settlement Paragraph 13).

#### **DISCUSSIONS AND FINDINGS**

The Board, having reviewed ALJ Miller's Initial Decision and the Stipulation <u>FINDS</u> that the Parties have voluntarily agreed to the Stipulation, that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board <u>FURTHER</u> <u>FINDS</u> the Stipulation to be reasonable and in the public interest.

The Board <u>HEREBY ADOPTS</u> the Initial Decision and the Stipulation of Settlement, attached hereto as its own incorporating by reference the terms and conditions as if fully set forth at length herein, subject to the following:

- a) The test year shall be the year ended December 31, 2004, adjusted for known and measurable changes.
- b) The rate base shall be set at \$1,429,341
- c) The rate of return shall be 8.10% and shall include a common equity component at 9.75%.
- d) The pro forma present rate revenues shall be \$1,255,096. The revenue increase shall be \$140,000 or 11.15%.
- e) The revenue requirement shall be set at \$1,395,096 and shall ensure that Crestwood Village Water Company will continue to provide safe, adequate and proper water service to its customers.
- f) The tariff pages attached to the Stipulation as Schedule B are <u>HEREBY ADOPTED</u> by the Board.

The Board HEREBY DIRECTS the Company to submit a complete revised tanff g) conforming to the terms and conditions of this Order within (10) days from the date of this Order.

The effective date of this Order is as dated below.

**BOARD OF PUBLIC UTILITIES** 

BY:

PRESIDENT

FREDERICK F. BUTLER COMMISSIONER

**COMMISSIONER** 

ATTEST:

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public

Utilities

#### In the Matter of the Petition of Crestwood Village Water Company for an Increase in Rates and Charges for Water Service

BPU Docket No. WR04121554
OAL Docket No. PUC 00575-2005S

#### **SERVICE LIST**

Douglas R. Kleinfeld, Esq. Kleinfeld & Kleinfeld 219 South Street New Providence, NJ 07974

Debra F. Robinson, Esq. Division of Ratepayer Advocate 31 Clinton Street, 11<sup>th</sup> floor P. O. Box 46005 Newark, NJ 07101

Alex Moreau, Deputy Attorney General Division of Law 124 Halsey Street P. O. Box 45029 Newark, NJ 07102 CALS
BESLOW
RPA
MORÉAU, A. DAG
BELLO, C. DAG
QUIROLO, J. LÉSAL
KOCCUR, M



MAIL ROOM 2005 JUN 28 AM II: 2: PUBLIC UTILITIES NEWARK, N.J.

INITIAL DECISION
SETTLEMENT

OAL DKT. NO. PUC 575-05 AGENCY DKT. NO. WR04121554

AGENCY DRI NO. WR041

IN THE MATTER OF CRESTWOOD VILLAGE WATER COMPANY FOR AN INCREASE IN RATES AND CHARGES FOR WATER SERVICE,

Petitioner.

Douglas R. Kleinfeld, Esq., for petitioner

Alex Moreau, Deputy Attorney General, for Board of Public Utilities, Water and Wastewater (Peter C. Harvey, Attorney General of New Jersey, attorney)

**Debra Robinson**, Esq., for Division of Ratepayer Advocate (Seema M. Singh, Esquire, Director, Ratepayer Advocate, attorney)

Record Closed: June 20, 2005 Decided: June 21, 2005

#### BEFORE W. TODD MILLER, ALJ:

This matter was transmitted to the Office of Administrative Law on February 8, 2005, for determination as a contested case, pursuant to *N.J.S.A.* 52:14B-1 to -15 and *N.J.S.A.* 52:14F-1 to -13.

The parties have agreed to a settlement and have prepared a Settlement Agreement indicating the terms thereof, which is attached and fully incorporated herein.

have reviewed the record and the terms of settlement and I FIND:

The parties have yount y agreed to the settlement as evidenced by their signatures or their representatives' signatures

2. The settlement fully disposes of all issues in controversy and is consistent with the law

I CONCLUDE that this agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. I approve the settlement and therefore ORDER that the parties comply with the settlement terms and that these proceedings be concluded.

hereby FILE my initial decision with the BOARD OF PUBLIC UTILITIES for consideration.

This recommended decision may be adopted, modified or rejected by the BOARD OF PUBLIC UTILITIES, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five (45) days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

WMille
W. TODD MILLER, ALJ
Receipt Acknowledged:
BOARD OF PUBLIC UNIVITIES  Mailed to Parties:
OFFICE OF ADMINISTRATIVE LAW



### State of New Jersey OFFICE OF ADMINISTRATIVE LAW

Quakerbridge Plaza Building #9 Quakerbridge Road, PO Box 049 Trenton, New Jersey 08625-0049 (609) 588-6584



Date: 6/24/2006

Re: Initial Decisions for Receipt

Receipt of the following decisions from the Office of Administrative Law (as well as a copy of this form) is acknowledged as of the date indicated below:

OAL Docket No. PUC	Case Name
575.X	Gostwad Village Wa
	Crostward Village War
	Board of Public Utilities 2 Gateway Center
1	Newark, New Jersey 07102
Date: 6 - 45-05	Board of Public Utilities

New Jersey is an Equal Opportunity Employer

### STATE OF NEW JERSEY BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF CRESTWOOD VILLAGE WATER COMPANY FOR AN INCREASE IN RATES AND CHARGES FOR WATER SERVICE

BPU Docket No. WR04121554
OAL Docket No. PUCRS 00575-20058

#### STIPULATION

Douglas R. Kleinfeld, Esq., Kleinfeld & Kleinfeld, Esqs., Attorneys for petitioner, Crestwood Village Water Company

Debra F. Robinson, Esq. and Christine Juarez, Esq., Assistant Deputy Ratepayer Advocates for Division of Ratepayer Advocate, (Seema M. Singh, Esq., Director, Ratepayer Advocate).

Alex Moreau, Deputy Attorney General, for the Staff of the Board of Public Utilities (Peter C. Harvey, Attorney General of Jersey).

#### PROCEDURAL HISTORY

- 1 Petitioner, Crestwood Village Water Company (hereinafter referred to as "Petitioner" or "Company") is a public utility of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities "Board" and franchised to provide water service in the Township of Manchester, Ocean County, New Jersey.
- (2) On December 15, 2004, Petitioner filed a petition with Board, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12 for an increase in its rates and charges for water service. Petitioner originally requested increased revenues of \$323,705.00 representing

an increase of 27% over pro forma, present rate revenues. The Company subsequently submitted amended schedules, based on year end 2004 actuals, resulting in a revised revenue requirement request of \$332,367.00 representing an increase of approximately 27.63% over pro forma, present rate revenues

- (3) On January 12, 2005, the Board issued an initial Suspension Order suspending increases, changes or alterations in rates for service until May 17, 2005. On February 8, 2005, the Board transmitted the matter to the Office of Administrative Law as a contested case pursuant to N.J.S.A. 52:14F-1 to 13 and N.J.S.A. 52:14B-1 to 15. The matter was then assigned to the Honorable W. Todd Miller, Administrative Law Judge "ALJ"
- A telephonic pre-hearing conference was held before ALJ Miller on March 8, 2005 at which time dates for a public hearing in Petitioner's service area and evidentiary hearings were scheduled A public hearing was held on April 28, 2005 at Americas Keswick, Keswick Grove Activity Center in Whiting, New Jersey, within Petitioner's service area, following publication of an appropriate public notice. Although several members of the public made statements on that occasion, none voiced any concerns regarding the quality of water service provided by Petitioner, and the comments of public witnesses generally related to concerns over higher water rates.

- 5 In the course of this proceeding, Petitioner was served with, and responded to, extensive discovery requests by the Division of Ratepayer Advocate "Ratepayer Advocate" and by Staff of the Board of Public Utilities "Board Staff"). Discovery and settlement conferences were held on May 11, 2005 and May 23, 2005. The Petitioner, Ratepayer Advocate, and Board Staff (the "parties" also conferred by telephone on a number of occasions to discuss the matter.
- 6) As a result of an analysis of the petition and exhibits, Petitioner's responses to discovery propounded by the Ratepayer Advocate and Board Staff, as well as their discussions and negotiations in this matter, the signatory parties have reached a Stipulation and do hereby stipulate the following:

#### SETTLEMENT AGREEMENT

- 7) The year ended December 31, 2004, adjusted for known and measurable changes, is a reasonable and proper test period.
- (8) It is stipulated and agreed that Petitioner's rate base is \$1,429,341.00, and that a fair overall rate of return thereon is 8.10% which reflects a cost rate for common equity of 9.75%
- (9) As reflected in Schedule A annexed hereto and made part hereof, Petitioner's required operating income is \$115,777.00, and its total revenues at proposed rates are \$1,395,096.00. Petitioner's pro forma present rate revenues are \$1,255,096.00 which, when

subtracted from the total revenue requirement, necessitates a revenue increase of \$140,000, representing an overall percentage increase of 11.15% over pro forma present rate revenues.

- (10) The revenue requirement to which the parties have stipulated, herein, is necessary to ensure that Petitioner will continue to provide safe, adequate and proper water service to its customers.
- 11) Attached hereto as Schedule B are new tariff sheets containing rates and charges conforming to this Stipulation and designed to produce the additional annual revenues to which the parties have stipulated herein.
- 12) Attached hereto as Schedule C is a schedule demonstrating that the new rates will produce the revenues to which the parties have stipulated herein, and reflecting the percentage increase in each service classification.
- 13) Petitioner will file a new tariff with the Board, with copies to the parties, in conformity with this Stipulation, to become effective on such date as the Board may direct.
- 14) This Stipulation applies only to this proceeding and is thus executed by the parties without prejudice to the positions asserted by each in this case and without prejudice to the positions which the parties may choose to assert in future proceedings. The parties further agree that the purpose of this Stipulation is to reach fair and reasonable rates and to conclude pending litigation

This Stipulation is not in any way intended to restrict or bind any of the parties hereto with respect to substantive positions they may choose to assert in any pending or future rate proceeding in this or any other forum. Therefore, the parties acknowledge that the Stipulation herein has been made exclusively for this proceeding before the OAL and Board.

- (15 In the event of any modification, amendment or alteration of this Stipulation by the Board, the parties individually reserve the right to either deem the Stipulation void in toto (in which case the parties would revert to the status quo prior to the execution of this Stipulation, which in this matter would be submission of testimony and proceeding with evidentiary hearings) or to consent to the modification(s) in writing.
- 16) This Stipulation may be executed in as many counterparts as there are signatories to this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument consisting of several counterparts.

Dated:

6-10-05

Dated: 6 16 D5

Dated: 06/16/05

CRESTWOOD VILLAGE WATER COMPANY

Douglas R. Kleinfeld, Esq. KLEINFELD & KLEINFELD, ESQS.

DIVISION OF THE RATEPAYER ADVOCATE SEEMA M. SINGH, ESQ. RATEPAYER ADVOCATE

Debra E Robinson, Esq.
Assistant Deputy Ratepayer
Advocate

PETER C. HARVEY
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Staff of the Board of
Public Utilities

By:

By:

Mex Moreau

Deputy Attorney General

### CRESTWOOD VILLAGE WATER COMPANY CALCULATION OF REVENUE DEFICCIENCY AND REQUIRED PERCENTAGE INCREASE

Schedule A

<u>Item</u>	Amount
Rate Base	1,429,341
Rate of Return (1	8.10%
Utility Operating Income	115,777
Total Operating Expenses (2)	1,279,319
Revenue Requirement	1,395,096
Present Rates Revenues	1,255,096
Revenue Deficiency	140,000
Overall Percent Increase	11.15%

- (1 Includes a 9.75% Cost Rate for Equity
- (2) Does not include Depreciation on Contributed Property

#### ORIGINAL SHEET NO. 14

Rate Per

## SCHEDULE B SHEET 1 OF 4 RATE SCHEDULE NO. 1 METERED SERVICE

#### APPLICABILITY:

Applicable to the use of water supplied through meters for general water service to any customer not otherwise specifically provided for in the Company's rate schedules.

#### CHARACTER OF SERVICE:

Quantity

See Standard Terms and Conditions.

#### RATES:

Issued:

#### Consumption Charges\*

Quarterly	
Used in the Ouarter	1,000 Gallons
All water used	\$ 1.64
Qu	arterly Service Charge
Size of Meter	Per Quarter
5/8"	\$ 15.33
3/4"	22.99
1"	38.32
1-1/2"	76.64
2"	122.63
3"	229.94
4"	383.24
6"	766.48
8"	1,226.38
<del>-</del>	

Effective:

By:	Jan A. Kokes, President
,	55 Schoolhouse Road
	Whiting, NJ 08759
Filed	pursuant to an Order of the Board of Public Utilities, State of New Jersey,
Dock	et No. WR04121554, dated .

#### CRESTWOOD VILLAGE WATER COMPANY

B.P.U. NO. 2 - WATER

ORIGINAL SHEET NO. 15

\* The State of New Jersey enacted Ch. 443 of the laws of New Jersey 1983 concerning the periodic testing of public water supplies which established a water tax of \$0.01 per 1,000 gallons of water. This tax is reflected and included in the above rates.

SCHEDULE B SHEET 2 OF 4 RATE SCHEDULE NO. 1 METERED SERVICE (cont.)

#### **TERMS OF PAYMENT:**

Net payment within fifteen (15) days of receipt of the bill. Bills for General Metered Service are rendered in arrears once in each calendar quarter. Whenever service to a customer is established or discontinued during a billing period, the fixed service charge will be prorated on a daily basis to the date when service is established or discontinued to such customer.

Issue	d:	Effective:
Ву:	Jan A. Kokes, President	
	55 Schoolhouse Road	
	Whiting, NJ 08759	

## SCHEDULE B SHEET 3 OF 4 RATE SCHEDULE NO. 2 PRIVATE FIRE PROTECTION SERVICE

#### APPLICABILITY:

Applicable for flat rate Fire Protection Service in the locations where the Company has facilities.

#### **CHARACTER OF SERVICE:**

See Standard Terms and Conditions.

#### RATE:

Type of Service	Ouarterly Rate
2" or less Private Fire Service Line	4.27
3" Private Fire Service Line	10.14
4" Private Fire Service Line	16.22
6" Private Fire Service Line	42.77
8" Private Fire Service Line	95.29
10" Private Fire Service Line	13.51

#### TERMS OF PAYMENT:

Net payment within fifteen (15) days of receipt of the bill. Bills for Private Fire Protection services are rendered at least once in each calendar quarter. Whenever service to a customer is established or discontinued during a billing period, the private fire protection charge will be prorated on a daily basis to the date when service is established or discontinued to such

Issued	ı:	Effective:
By.	Jan A. Kokes, President 55 Schoolhouse Road Whiting, NJ 08759	
	pursuant to an Order of the Board of Public Utilities, Set No. WR04121554, dated	State of New Jersey,

CRESTWOOD VILLAGE WATER COMPANY B.P.U. NO. 2 - WATER customer.

ORIGINAL SHEET NO. 17

# SCHEDULE B SHEET 4 OF 4 RATE SCHEDULE NO. 2 PRIVATE FIRE PROTECTION SERVICE (cont.)

Certified residential health care facilities and rooming or boarding houses which are required to install private fire sprinkler systems pursuant to P.L. 1971, c. 136 (N.J.S.A. 26: 2H-1, et seq.) and P.L. 1979, c. 496 (N.J.S.A. 55: 13B-1, et seq.) and regulations promulgated under these two (2) statutes, shall be exempt from payment of the private fire protection service charges. Such exemption shall not be granted until the appropriate state agency, either the Department of Community Affairs or the Department of Health, certifies to the Company and to

the Board of Public Utilities that the particular residential health care facility or rooming house or boarding house meets the requirements of P.L. 1981 c. 154 and the regulations adopted pursuant thereto and is thereby entitled to the exemption from the private fire sprinkler systems stand-by charge.

The Company shall charge a certified exempt customer for the actual cost of the water main connection (main to curb). Said customer shall be required by the Company to pay for the initial cost of the service line installation, but the Company shall own the line as contributed property and the Company shall be responsible for its maintenance. The service line shall be installed by the utility or its agent. The remainder of the fire sprinkler line (from the curb cock to the building) shall be installed, owned and maintained by the customer and shall conform to reasonable specifications as prescribed by the Company. The Company shall provide, at no cost to the customer, detector check valves.

Issued	ed: Effe	ective:
By:	Jan A. Kokes, President 55 Schoolhouse Road Whiting, NJ 08759	
	ed pursuant to an Order of the Board of Public Utilities, Starteket No. WR04121554, dated	te of New Jersey,

#### CRESTWOOD VILLAGE WATER COMPANY CALCULATION OF METERED REVENUES UNDER Sheet 1 of 2 PRO FORMA PRESENT AND STIPULATED RATES

Schedule C

		Prese	ent Rates	Propos	sed Rates
:tem	# Units	<u>Rate</u>	Amount	Rate	Amount
Residential					
Service Charge					
5/8" (1)	9,607	\$13.74	\$528,001	\$15.33	\$589,101
Consumption (2)	391,132	1.47	574,964	1.640	641,456
Total Residential			\$1,102,965		\$1,230,558
Commercial:					
11.					
Service Charge					
5/8"	20	\$13.74	\$1,099	\$15.33	\$1,226
3/4"	41	20.61	3,380	22.99	3,770
1"	19	34.35	2,611	38.32	2,912
1 1/2*	7	68.70	1,924	76.64	2,146
2 *	39	109.92	17,148	122.63	19,130
6"	1	687.00	2,748	766.48	3,066
Consumption (3)	38,292	1.47	56,289	1.640	62,799
Total Commercial			\$85,198		<u>\$95,050</u>
Manchester Tsp					
Service Charge					
1"	1	\$34.35	\$137	\$38.32	\$153
6"	1	687.00	2,748	766.48	3,066
8"	1	1,099.20	4,397	1,226.38	4,906
Consumptiion (4)	9,396	1.47	13,812	1.640	15,409
Total Manchester			\$21,094		\$23,534
Total Metered Reve	nues		1,209,257		1,349,142
Total Private Fire	Revenues	<b>;</b>	720		803
Total Other Revenu	ies		45,119		45,119
Total Revenues			\$1,255,096		\$1,395,064
Total Revenue Requ	irement				\$1,395,096

### CRESTWOOD VILLAGE WATER COMFANY Schedule C COMPARISON OF PRESENT AND STIPULATED TARIFF CHARGES Sheet 2 of 2

	Actual		
Rate	Present	Increase	Proposed
Quarterly Service Charges:			
5/8"	\$13.74	11.57%	\$15.33
3/4"	20.61	11.55%	\$22.99
1"	34.35	11.56%	\$38.32
1-1/2"	68.70	11.56%	\$76.64
2 "	109.92	11.56%	\$122.63
3 <sup>11</sup>	206.10	11.57%	\$229.94
<b>ሷ</b> «	343.50	11.57%	\$383.24
6"	687.00	11.57%	\$766.48
8 "	1,099.20	11.57%	\$1,226.38
Consumption rate / 1000 gal	1.47	11.56%	1.640
Public Fire Hyd Annual Rate	37.00	0.00%	37.00
Private Fire Protection Service			
Quarterly Charges			
or less	3.83	11.49%	\$4.27
	9.09	11.55%	\$10.14
	14.54	11.55%	\$16.22
6 <sup>11</sup>	38.34	11.55%	\$42.77
	85.41	11.57%	\$95.29
10"	101.74	11.57%	\$113.51
Meter Testing Charge	25.00	0.00%	25.00
Reconnection Service Charge	25.00	0.00%	25.00